



INDIANA DEPARTMENT OF TRANSPORTATION

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FRANK O'BANNON, Governor
CRISTINE M. KLIKA, Commissioner

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May 10, 2000

Dear Representative,

I am writing to express my support for two pieces of pending legislation. These bills would provide new, innovative methods of funding the high-speed rail effort taking place nationwide and in the Midwest.

The first piece of legislation is H.R. 3700, which provides for inter-city passenger rail bonding authority. This legislation amends the Internal Revenue Code of 1986 to allow rail carriers to issue a total of \$10,000,000,000 in bonds over ten years to finance capital improvements for high speed rail projects, with a \$3,000,000,000 total cap on bonding available to the Northeast rail corridor. States benefiting from this new bonding authority will be required to provide a 20% match. We feel that the Northeast cap, which is not included in the Senate version of this legislation, S. 1900, provides a necessary protection for the Midwest that will ensure we gain our fair share for high-speed rail projects. INDOT is well aware that Congress has limited resources to expend. We hope, however, that providing support for high-speed rail initiatives will be given serious consideration.

In addition, the Indiana Department of Transportation (INDOT) would like to express support for S. 1144, in particular Sec. 3, which allows funding flexibility for high speed rail corridors. Under this provision, states may use funds provided for the National Highway System program, the Surface Transportation Program, and the Congestion Mitigation and Air Quality Improvement Program for the capital costs associated with implementing intercity high-speed rail passenger programs.

As you know, the Indiana Department of Transportation has been studying the economic viability of high-speed rail in the Midwest. Certainly, the main obstacle to bringing the project to fruition is a lack of funding options. These two pieces of legislation offer states two potential funding sources to help implement high-speed passenger rail service. Other funding solutions have been suggested, but INDOT strongly opposes any proposals that would redirect a portion of highway trust fund revenues at the federal level and reduce Indiana's guaranteed share of total funding.

Please let us know if you have any questions, or if we can provide further assistance.

Sincerely,

Cristine M. Klika

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Commissioner